GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2928
ANSWERED ON:17.12.2004
DECLINE IN GROSS CAPITAL FORMATION IN AGRICULTURAL SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) the percentage of the GDP in farm sector and in over all sectors in the last two years;

(b) the projected GDP in farm and other sectors for the current year;

(c) the manner in which the Union Government will achieve the projected GDP keeping in view the present scenario of price hike in petroleum products;

(d) whether the economists have expressed concerns over the possible impact on overall growth of the country due to above mentioned scenario; and

(e) if so, the steps taken by the Government to achieve the projected GDP?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) The percentage shares of agriculture and other sectors in the Gross Domestic Product (GDP), at factor cost at constan prices, during the last two years, derived from the data released by the Central Statistical Organisation are given below:

Sectors	2002-03 (QE)	2003-04 (RE)
1. Agriculture, forestry and fishing	22.0	22.1
2. Industry	27.2	26.9
3. Services	50.8	51.0
All sectors	100.0	100.0

QE : Quick Estimates
RE : Revised Estimates

(b) The Government has not made any projection regarding GDP growth in farm and other sectors for the current year. A marginal shortfall is anticipated in kharif production on account of 13 percent deficiency in south-west monsoon. However, the prospect of a good rabi crop is likely to offset the kharif shortfall. Going by the present buoyant trends, industry and service sectors are expected to perform well. The Reserve Bank of India in its Mid-Term Review of Annual Policy Statement for 2004-05 (October 26, 2004) has placed the overall real GDP growth in 2004-05 in the range of 6.0 to 6.5 percent, assuming that the combined downside risks of high and uncertain oil prices, and sudden changes in international liquidity environment remain manageable.

(c) to (e) There has been a growing concern over the possible impact of rise in international oil prices on the growth of the economy. Addressing these concerns, the Government reduced the duties on selected petroleum products twice in the current year, first in June and then in August to soften the impact of a continuous rise in international oil prices. The Government has also taken a number of steps to maintain the growth momentum in the current year. These, inter alia, include a comprehensive policy on credit aimed at doubling the flow of agricultural credit in three years, higher allocations under Accelerated Irrigation Benefit Programme, revival of Rural Infrastructure Development Fund, launching a scheme for repair, renovation and restoration of all water bodies, promotion of

public private partnership for infrastructure development, setting up of an Investment Commission and additional provision of Rs.10,000 crore of gross budgetary support to the 2004-05 Annual Plan.